
FULL TEXT OF CASES (USPQ FIRST SERIES)

Trans-World Manufacturing Corporation v. Al Nyman & Sons, Inc. et al., 219 USPQ 1059 (DC Del 1983)

**Trans-World Manufacturing Corporation v. Al Nyman & Sons,
Inc. et al.**

**(DC Del)
219 USPQ 1059**

Decided Sept. 2, 1983

No. 81-471

U.S. District Court District of Delaware

Headnotes

PATENTS

1. Pleading and practice in courts -- Motions -- In general (§ 53.631)

Standard generally applicable to motions for judgment notwithstanding verdict in patent cases is that court should grant motion if, without weighing credibility of evidence, there can only be one conclusion as to proper judgment, and it is contrary to verdict; court is not free to weigh evidence, pass on credibility of witnesses, or substitute its own judgment of facts for that of jury; court may overturn jury verdict only where facts and all inferences, drawn in non-moving party's favor, would not permit reasonable man to come to conclusion jury reached.

2. Patentability -- Invention -- Law or fact question (§ 51.507)

Ultimate issue of obviousness of patent is question of law that court must decide; certain underlying factual issues relating to ultimate issue of obviousness, however, must be submitted to jury; these factual questions include nature of prior art, differences between prior art and patented device, and ordinary level of skill in pertinent art.

3. Pleading and practice in courts -- Jury trial -- Validity and infringement (§ 53.577)

In case where general verdict was entered on issue of obviousness it is proper for determination of ultimate issue of obviousness to be performed by jury; in reviewing jury's conclusions pertaining to obviousness, court must presume that disputed matters of fact were resolved favorably to prevailing party; review of these findings of fact are governed by general standard of review for motion for judgment notwithstanding verdict; application of these facts to legal question of whether patent was obvious at time of invention to person having ordinary skill in art, is reviewed as matter of law; court reviews jury's application of law as matter of law.

4. Designs -- Patentability -- In general (§ 31.51)

Person may obtain design patent upon new, original, and ornamental design for article of manufacture; design patent must meet requirements of both novelty and nonobviousness.

5. Presumption from patent grant -- In general (§ 55.1)

Presumption from patent grant -- Patent Office consideration of prior art (§ 55.5)

Once issued, design patent, like any patent, is presumed to be valid; however, presumption is weakened or overcome when relevant prior art was not considered by Patent Office.

6. Pleading and practice in courts -- Burden of proof -- Validity (§ 53.138)

Party seeking to invalidate patent must do so with clear and convincing evidence; this is more than preponderance, but less than that necessary to prove something beyond reasonable doubt.

7. Designs -- Patentability -- Tests of (§ 31.57)

Standard of novelty is whether design appears to ordinary observer to differ from prior art and not be mere modification of it.

8. Patentability -- Anticipation -- In general (§ 51.201)

Designs publicly used at least one year prior to application for patent are considered prior art.

9. Court of Appeals for the Federal Circuit -- Pleading and practice (§ 26.57)

Cases from CCPA are binding on Court of Appeals for Federal Circuit.

10. Defenses -- Fraud (§ 30.05)

In order to invalidate patent based upon fraud or inequitable conduct in Patent Office, accused infringer is required to prove by clear and convincing evidence that patent owner made omission or misstatement to Patent Office, that it intended to deceive Patent Office, or was at least grossly negligent when it failed to disclose existence of relevant prior art, and that omission or misrepresentation made it impossible for Patent Office to fairly assess patent application against statutory criteria.

11. Presumption from patent grant -- Patent Office consideration of prior art (§ 55.5)

Presumption of validity is strengthened when pertinent prior art invoked to invalidate patent has been considered by Patent Office.

12. Applicants for patent -- In general (§ 14.1)

Deliberate non-joinder of co-inventor, purpose of which is to gain private advantage over omitted joint inventor, is proper basis for invalidating patent.

13. Infringement -- Law or fact question (§ 39.60)

Although, generally speaking, issue of infringement is factual question for jury, court may determine issue of infringement as matter of law when it is presented upon undisputed facts.

14. Accounting -- Damages -- In general (§ 11.251)

Trial must be held on issue of damages where judgment notwithstanding verdict is entered on behalf of plaintiff, unless amount of damages is certain as matter of law.

Particular patents -- Display Racks

Des. 257,497, Franklin and Dewees, Eyeglass and Display Holder, jury verdict of invalidity sustained.

Des. 258,099, Franklin and Dewees, Eyeglass Display Rack, valid and infringed.

Case History and Disposition:

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Action by Trans-World Manufacturing Corporation, against Al Nyman & Sons, Inc., and Al-Site Corporation, for design patent infringement, breach of contract, and money

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due for goods sold and delivered. On cross motions for judgment notwithstanding the verdict or for new trial. Motions denied in part.

See also 218 USPQ 208.

Attorneys:

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Opinion Text

Opinion By:

Wright, Senior Judge.

This case is one for design patent infringement, breach of contract, and money claimed for goods sold and delivered. Specifically, the plaintiff, Trans-World Manufacturing Corporation (hereinafter "Trans-World"), alleged that the defendants, Al Nyman & Sons, Inc. and Al-Site Corporation (hereinafter collectively "Nyman"), infringed two Trans-World's design patents, DES 257, 497 ('497 patent), and DES 258,099 ('099 patent). In addition, Trans-World contended that Nyman breached a contract pertaining to the designs embodied in the patents, and refused to pay for physical models of those designs.

A jury trial was held from May 16, 1983, through May 24, 1983. On May 24, 1983 a verdict, accompanied by answers to written interrogatories, was rendered in defendants' favor on all issues with the exception of an award of \$4,300 on the claim for goods sold and delivered. ¹A judgment was entered in the plaintiff's favor for that amount.

With respect to the '497 patent, the jury found the patent invalid because the design was not novel or nonobvious. In addition, the jury concluded that Trans-World improperly failed to disclose to the Patent Office relevant prior art pertaining to the '497 patent, and that the patent was invalid for this reason as well.

With respect to the '099 patent, the jury concluded that the patented design was both novel and nonobvious. The jury held the '099 patent invalid, however, because it found that Trans-World had deceptively failed to disclose that Nyman ²was a co-inventor of the '099 patent.

The jury further disallowed any recovery based upon the plaintiff's breach of contract theory, presumably because the jury accepted the defendants' contention that no contract existed. Finally, as previously stated, the jury awarded the plaintiff \$4,300 for models of the designs embodied in the '497 and the '099 patents that Trans-World sold and delivered to the defendants.

This action is currently before the Court on various motions of both parties. The plaintiff seeks judgment notwithstanding the verdict on all its patent claims pursuant to Fed.R.Civ.P. 50(b). If the Court denies its Motion for Judgment Notwithstanding the Verdict, Trans-World alternatively seeks a new trial on the patent issues pursuant to Fed.R.Civ.P. 50(b) and 59(a). Trans-World also seeks a new trial on its contract claim and its claim for goods sold and delivered. ³In addition, Trans-World, pursuant to Fed.R.Civ.P. 15(b), seeks to amend its Complaint to conform to the evidence by adding a claim based upon a quantum merit theory. Finally, with respect to the \$4,300 judgment entered on its behalf, the plaintiff submits that it is entitled to an award of pre-judgment interest.

The defendants have also filed a Motion for Judgment Notwithstanding the Verdict, or alternatively, for a new trial on certain jury findings pertaining to the patent claims. The Court is somewhat at a loss to understand why the defendants have filed this motion inasmuch as they prevailed on these claims. The defendants seek reversal of certain adverse jury findings, even though such findings did not expose the defendants to any liability. The propriety of the defendants' motion is highly questionable because the defendants do not seek to have the judgment set aside. See Fed.R.Civ.P. 50(b) (motion for judgment notwithstanding the verdict may be made " *to have the verdict and any judgment entered thereon set aside* ") (emphasis added); cf., *American Tel. & Tel. Co. v. F.C.C.*, 602

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F.2d 401, 407 n. 35 (D.C. Cir. 1979). The Court will review the defendants' contentions only as they relate to the plaintiff's Motion for Judgment Notwithstanding the Verdict. ⁴In order to properly review the parties' various motions, it is first necessary to set forth the background of this litigation.

I. Background Facts

The plaintiff, Trans-World, is a corporation of the State of New Jersey, having its principal place of business in East Rutherford, New Jersey. Trans-World is in the business of manufacturing point-of-purchase advertising displays. In addition to its manufacturing facilities and personnel, Trans-World employs a staff of full-time artists and designers, who create new and original designs of point-of-purchase advertising materials for prospective purchasers of their displays.

The defendant, Al Nyman & Sons, Inc., is a corporation of the State of Delaware. The other defendant, Al-Site Corporation, is a wholly-owned subsidiary of the defendant, Al Nyman & Sons, Inc., and is also a corporation of the State of Delaware. Both corporations have their principal place of business in Miami Springs, Florida.

Nyman is in the business of selling nonprescription, over-the-counter reading glasses, which are typically sold to drugstores and discount stores under the trademark Magnivision. Nyman's customers resell the eyeglasses to the public through point-of-purchase advertising displays. Nyman provides the display cases to its customers at no charge and considers itself to retain ownership in the displays while they are in use in retail stores. (Dkt. Item 87, ¶6 at 5).

In late 1977 or early 1978, Arthur A. Marx, an advertising executive representing Nyman, contacted James Cavaluzzi, President of Trans-World, and advised him that Nyman was interested in obtaining new and updated displays for its eyeglasses. In January 1978, Marx met with Cavaluzzi to discuss Nyman's requirements. Subsequently, Trans-World agreed to create, at its own expense, a series of sketches of new designs for eyeglass displays for Nyman.

Trans-World presented the first set of sketches to Marx and Morton Nyman, the owner of Al Nyman & Sons, Inc., in June 1978. ⁵Marx and Nyman rejected these proposed designs. (Tr. A-67). As a result of this rejection, Trans-World proceeded to develop new designs in a second series of sketches. ⁶(Tr. A-68). Out of this second series of sketches, and through further communications between Nyman and Trans-World, two acceptable designs for displays were developed. The first was a horizontal display, the design of which was ultimately embodied in the '497 patent. (PX-1). The second was a vertical chevron display, the design of which was ultimately embodied in the '099 patent. (PX-5). The patents on these designs, however, were not applied for or issued until after the following events occurred.

In a letter dated October 6, 1978, Nyman indicated that Trans-World was to prepare models of both the horizontal and chevron designs. (PX-16). These models were prepared, and on December 29, 1978, Trans-World sent Nyman an invoice for \$4,300 to cover the cost. On the invoice, it was expressly stated that "Trans-World Mfg. retains all rights and exclusive titles to above designs. It may not be reproduced elsewhere without our written permission." ⁷This same reservation of ownership was included on most, if not all, of Trans-World's sketches and models. (Tr. A-20).

In late January 1979, Trans-World submitted to Nyman proposed prices for producing both the horizontal and chevron displays. Shortly after receiving Trans-World's prices, Marx informed Cavaluzzi that the prices were too high. Negotiations to reach a satisfactory price between Trans-World and Nyman were unsuccessful. Thereafter, Nyman proceeded to have other manufacturers produce the horizontal and chevron displays at a lower cost than that offered by Trans-World. (Tr. C-105-107, C-182-83, D-31-32). ⁸

On March 12, 1979, Trans-World filed U.S. Design Patent Application Serial No. 19,779 directed to the embodiment of the chevron display. Also on March 12, 1979, Trans-World filed U.S. Design Patent Application Serial No. 19,857 directed to the embodiment of the horizontal display. On November 11, 1980, Trans-World received a patent on the horizontal display (DES 257, 497). On February 3, 1981, Trans-World received a patent on the chevron display

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(DES 258,099). This lawsuit was filed on October 23, 1981. The essence of Trans-World's claims is that Nyman wrongfully appropriated the designs for the horizontal and chevron displays that Trans-World claims it created. Trans-World claims ownership in the designs based upon its reservation of rights in the designs, ⁹and as owner of the patents which embody the designs.

II. Judgment Notwithstanding the Verdict Motions

The plaintiff seeks judgment notwithstanding the verdict on both the '497 patent infringement claim and the '099 patent infringement claim. Before addressing the Judgment Notwithstanding the Verdict Motion, the Court must preliminarily discuss the appropriate standard of review of the jury's findings pertaining to the patent claims.

The standards by which a court must decide motions for judgment notwithstanding the verdict under Fed.R.Civ.P. 50(b) ¹⁰have been set forth by this Court as follows:

A Court should grant the motion if, without weighing the credibility of the evidence, there can only be one conclusion as to the proper judgment and it is contrary to the verdict. The Court is not free to weigh the evidence, pass on the credibility of witnesses, or substitute its own judgment of the facts for that of the jury. The Court may overturn a jury verdict only where the facts and all inferences, drawn in the non-moving party's favor, would not permit a reasonable man to come to the conclusion the jury reached.

Rose Hall Ltd. v. Chase Manhattan Overseas Banking Corp., C.A. 79-182, Slip Op. at 14-15 (D.Del. August 19, 1983) (internal citations and quotations omitted).

[1][2] These standards are generally applicable to patent cases. See *Railroad Dynamics, Inc. v. A. Stucki Co.*, C.A. 76-800, Slip Op. at 4, 218 USPQ 618, 621 (E.D. Pa. March 25, 1983). The courts, however, are in disarray on the applicability of these standards to the issue of patent validity, specifically with regard to the question of obviousness. The problem arises from the fact that the ultimate issue of the obviousness of a patent is a question of law which the Court must decide. See *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273, 280, 189 USPQ 449, 452 (1976). Certain underlying factual issues relating to the ultimate issue of obviousness, however, must be submitted to the jury. See *Sarkisian v. Winn-Proof Corp.*, 688 F.2d 647, 651 (9th Cir. 1982) (en banc), on remand, 697 F.2d 1313 (9th Cir.), cert. denied sub nom *Carsonite Int'l. Corp. v. Carson Manufacturing Co.*, 103 S.Ct. 1499 (1983). These factual questions include (1) the nature of the prior art; (2) the differences between the prior art and the patented device; and (3) the ordinary level of skill in the pertinent art. *Id.*; see *Northern Engineering and Plastics Corp. v. Eddy*, 652 F.2d 333, 336, 210 USPQ 784, 786-787 (3d Cir. 1981), cert. denied 454 U.S. 1146, 213 USPQ 1136 (1982).

The Courts of Appeals have struggled to establish an appropriate method of blending the bifurcated functions of the court and jury on the question of obviousness. For example, the United States Court of Appeals for the Ninth Circuit has held that the court may only submit the ultimate issue of obviousness to the jury for a non-binding advisory opinion. *Sarkisian v. Winn-Proof Corp.*, 688 F.2d at 651. The United States Court of Appeals for the Fourth Circuit has taken a contrary view, holding that the jury may decide the ultimate issue of obviousness, when properly charged as to the law. See *Tights, Inc. v. Acme-McCrory Corp.*, 541 F.2d 1047, 1061, 191 USPQ 305, 314 (4th Cir.), cert. denied sub nom *Kaiser-Roth Corp. v. Tights, Inc.*, 429 U.S. 980 (1976); accord *Railroad Dynamics, Inc. v. A. Stucki Co.*, Slip Op. at 4-5 & n. 2, 218 USPQ at 621 n. 2; see also *Control Components, Inc. v. Valtek, Inc.*, 609 F.2d 763, 766-68, 204 USPQ 785, 788-789 (5th Cir.), cert. denied, 449 U.S. 1022, 208 USPQ 88 (1980). ¹¹

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Professor Chisum has shed some light on the darkness that engulfs this area of the law. Professor Chisum has written:

[T]he function of adjudication is always a three-fold process; (1) law declaration; (2) fact identification, the determination and statement of the relevant characteristics of the particular matter before the court; and (3) law application, linking up the particular with the general. Adjudication of the validity of patents according to the Section 103 standard of nonobviousness is no exception.

The above analysis clarifies the relationships between judge and jury * * * on the question of obviousness * * * In a jury trial, the judge always performs the first task (law declaration). If the judge adopts a general verdict procedure, the jury performs both the second task (fact identification) and the third task (law application). The scope of the jury's decision as to the third task will depend on the specificity with which the judge articulates the standards of patentability. The judge could charge the jury solely in terms of the statute (Section 103) or could elaborate on the standard of nonobviousness with reference to the evidence introduced at trial. Alternatively, if the judge in a jury trial adopts a special verdict procedure, the jury performs only the second task (fact identification) with the judge thereafter performing the third task (law application).

2 Chisum, Patents, §5.04[3], 5-146-48 (1981) (citations and quotations omitted).

[3] In this case, a general verdict properly was entered on the issue of the obviousness. See *Control Components, Inc. v. Valtek, Inc.*, 609 F.2d at 767, 204 USPQ at 788 (approving use of general verdict with interrogatories in jury patent case). Consequently, the determination of the ultimate issue of obviousness was performed by the jury. The Court holds that this was proper. See, e.g., *Tights, Inc. v. Acme-McCrary Corp.*, 541 F.2d at 1061, 191 USPQ at 314; *Railroad Dynamics, Inc. v. A. Stucki Co.*, Slip Op. at 4-5, 218 USPQ at 261; but see *Sarkisian v. Winn-Proof Corp.*, 688 F.2d at 650. In reviewing the jury's conclusions pertaining to obviousness, the Court must "presume that the disputed matters of fact have been resolved favorably to the prevailing party." *Panther Pumps & Equipment Co., Inc. v. Hydrocraft, Inc.*, 468 F.2d 225, 228, 175 USPQ 577, 579 (7th Cir. 1972), cert. denied, 411 U.S. 965, 177 USPQ 545 (1973). Review of these findings of facts are governed by the general standard of review for a motion for judgment notwithstanding the verdict.¹² See *Sarkisian v. Winn-Proof Corp.*, 688 F.2d at 651. The application of these facts to the legal question of whether the design patents in question were obvious at the time of invention to a person having ordinary skill in the art, will be reviewed as a matter of law. *Control Components, Inc. v. Valtek, Inc.*, 609 F.2d at 767-68, 204 USPQ 788. In other words, the Court will review as a matter of law the jury's application of the law.

A. '497 Patent Infringement Claim

In answers to interrogatories, the jury made the following findings concerning the '497 patent:

1. Do you find that the design of the DES 257,497 patent (horizontal display) was novel?

YES _____ NO X

2. Do you find that the design of the DES 257,497 patent (horizontal display) was obvious?

YES X NO _____

3. Do you find that Arthur Marx and/or Morton Nyman were co-inventors of the DES 257,497 patent (horizontal display)?

YES _____ NO X

4. Do you find that Trans-World deceptively intended not to disclose Arthur Marx's and/or Morton Nyman's co-inventorship of the DES 257,497 patent (horizontal display) in its application to the Patent Office?

YES _____ NO _____

(NOT ANSWERED)

5. With respect to the DES 257,497 patent (horizontal display), do you find that the Pennsylvania Optical design display (vision aid display) was relevant prior art?

YES X NO _____

If the answer is NO, you should not answer Questions 6 and 7.

6. With respect to the DES 257,497 patent (horizontal display), did Trans-World intend to deceive the Patent Office or was it grossly negligent when it failed to disclose the existence of the Pennsylvania Optical design display (vision aid display) to the Patent Office Examiner?

YES X NO _____

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If the answer is NO, you should not answer Question 7.

7. With respect to the DES 257,497 patent (horizontal display), did Trans-World's failure to disclose the existence of the Pennsylvania Optical design display (vision aid display), make it impossible for the Patent Office Examiner to fairly assess the patent application?

YES X NO _____

8. Do you find that the DES 257,497 patent (horizontal display) is valid and was infringed by the defendants?

YES _____ NO X

The plaintiff seeks judgment notwithstanding the verdict on all the answers except the one to Interrogatory 3. Conversely, the defendants only seek to reverse the jury's finding with respect to Interrogatory 3.

[4][5][6] A person may obtain a design patent upon a new, original, and ornamental design for an article of manufacture. 1 Chisum, Patents, §1.04 at 1-113 (1978). A design patent must meet both the requirements of novelty and nonobviousness. *Id.* Once issued, a design patent, like any patent, is presumed to be valid. 35 U.S.C. §282; *Rains v. Cascade Industries, Inc.*, 402 F.2d 241, 244, 159 USPQ 322, 324 (3d Cir. 1968). The presumption, however, is weakened or overcome when relevant prior art has not been considered by the Patent Office. *Aluminum Co. of America v. Amerola Products Corp.*, 552 F.2d 1020, 1024, 194 USPQ 1, 4 (3d Cir. 1977). The party seeking to invalidate the patent must do so with clear and convincing evidence. ¹³35 U.S.C. §282. Here the burden was on Nyman to establish the invalidity of the '497 patent by clear and convincing evidence.

Nyman sought to establish the invalidity of the '497 by presenting to the jury four items of prior art not considered by the Patent Office. At the heart of Nyman's case was the introduction into evidence of the Pennsylvania Optical display (DX-63-65), which was not cited as prior art in Trans-World's application for the '497 patent. Nyman argued that in light of this uncited prior art, the '497 patent was obvious. ¹⁴In addition, Nyman argued that Trans-World deceptively concealed the existence of the Pennsylvania Optical display from the Patent Office. Nyman contended that Trans-World's deliberate or reckless failure to bring material prior art to the attention of the Patent Office constituted fraud or inequitable conduct sufficient to render the patent invalid. ¹⁵See, e.g., *Grefco, Inc. v. Kewanee Industries, Inc.*, 499 F.Supp. 844, 860, 208 USPQ 218, 233 (D.Del. 1980), *aff'd.*, 671 F.2d 495 (3d Cir.), *cert. denied*, 454 U.S. 1086, 213 USPQ 888 (1981).

[7] The jury accepted Nyman's contention that the '497 patent was obvious ¹⁶in light of the Pennsylvania Optical display and other non-cited prior art. ¹⁷See Special Jury Interrogatory 2. The jury also found that Trans-World's failure to cite the Pennsylvania Optical display was at least grossly negligent. See Special Jury Interrogatory 6. The jury further concluded that Trans-World's failure to cite the Pennsylvania Optical display as prior art made it impossible for the Patent Office to fairly assess the '497 patent application. See Special Jury Interrogatory 7. Based on the findings in Interrogatories 6 and 7, the jury concluded that the '497 patent was invalid because of Trans-World's fraud or inequitable conduct in the Patent Office. See *Grefco, Inc. v. Kewanee Industries, Inc.*, 499 F.Supp. at 860, 208 USPQ at 233. After a careful review of the record, the Court concludes that the jury's findings are clearly supported by the evidence.

[8] First, the Pennsylvania Optical display constituted prior art if it was publicly used in the United States prior to March 12, 1978. ¹⁸James Kruska, a former employee of the Pennsylvania Optical Company, testified that from 1972 through 1975, literally thousands of the Pennsylvania Optical displays were

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sold in the United States. (Tr. C-50.) Kruska further presented photographs of these displays (DX-63-65) which were in his possession since 1975. (Tr. C-52). Accepting Kruska's testimony, the jury properly found that the Pennsylvania Optical display constituted prior art.

The jury's finding that the Pennsylvania Optical display was relevant, see Special Jury Interrogatory 5, is also supported by the record. Christopher Kidd, the defendants' expert witness, examined the photographs of the Pennsylvania Optical display and concluded that the display was more relevant to the design shown in the '497 patent than the references considered by the Patent Office. (Tr. C-133-34). Consequently, accepting Kidd's testimony, the jury properly concluded that the Pennsylvania Optical display constituted the most pertinent prior art. Indeed, having independently reviewed the file wrapper (PX-3), and the photocopies of the references cited in the file wrapper (PX-4), the Court similarly concludes that the Pennsylvania Optical display is the most relevant prior art with respect to the '497 patent.

The other underlying factual issues for the jury that related to the issue of obviousness were the differences between the prior art and the patented design, and the ordinary level of skill of an industrial arts designer. *Sarkisian v. Winn-Proof Corp.*, 688 F.2d at 651. Given that the jury entered a general verdict in favor of the defendants on the issue of obviousness, the Court must presume that the jury resolved these issues favorably for the defendants. *Panther Pumps & Equipment Co., Inc. v. Hydrocraft, Inc.*, 468 F.2d at 228, 175 USPQ at 579. Consequently, the jury is presumed to have concluded that there is little difference between the patented design and the Pennsylvania Optical display, and that the ordinary level of skill of an industrial arts designer is relatively high. The latter conclusion is directly supported by Kidd's testimony. (Tr. C-129-31).

Given these findings of fact, it is a question of law whether the '497 patent was obvious at the time of invention to a person having ordinary skill in the industrial arts who had full knowledge of the prior art. 1 Chisum, Patents, §1.04[2], 1-130 (1982). The jury concluded that the '497 patent was obvious under this standard. The Court agrees.

[9] The assessment of obviousness in a design patent case is a difficult task and is necessarily subjective. *Id.* In this regard, the former United States Court of Customs and Patent Appeals ¹⁹has stated the following:

[The] solution [to the issue of nonobviousness in design patent cases], as has always been recognized, is not easy and . . . "the determination of patentability in design cases must finally rest on the subjective conclusion of each judge." Whether the design is unobvious is a question not unrelated to novelty, however, and the differences in degree and in kind which one can observe are the only criteria of decision available to use.

Application of Bartlett, 300 F.2d 942, 944, 133 USPQ 204, 206 (C.C.P.A. 1962). The Court finds that there is little difference in design between the '497 patent and the Pennsylvania Optical display. Indeed, the plaintiff's own witnesses concede that the only innovation in the '497 patent was the scalloped shape of the molded plastic that holds the glasses in place. (Tr. B-54, B-111). This scalloping, however, is suggested in the Caldwell/Hagen patent for an eyeglass display. (DX-55). Given that the Caldwell/Hagen patent was also not cited in the file wrapper, the Court readily concludes that the defendants have clearly and convincingly demonstrated the obviousness of the '497 patent. Trans-World's Motion for Judgment Notwithstanding the Verdict on the issue of obviousness is denied.

[10] As previously stated, the jury also found the '497 patent invalid because Trans-World failed to disclose the existence of the Pennsylvania Optical display to the Patent Office. In order to invalidate the '497 patent based upon fraud or inequitable conduct in the Patent Office, Nyman was required to prove by clear and convincing evidence the following: (1) that Trans-World made an omission or misrepresentation to the Patent Office; (2) that Trans-World intended to deceive the Patent Office, or was at least grossly negligent when it failed to disclose the existence of relevant prior art; and (3) that Trans-World's omission or misrepresentation made it impossible for the Patent Office to fairly assess Trans-World's patent application against the statutory criteria. See *Grefco, Inc. v. Kewanee Industries, Inc.*, 499 F.Supp. at 860, 208 USPQ at 233.

As was previously stated, Trans-World failed to disclose to the Patent Office the existence of the most relevant prior art to the

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'497 patent, the Pennsylvania Optical display. This fact alone satisfied both factors one and three set forth above. The critical issue is whether Trans-World was "at least grossly negligent" in its failure to disclose the existence of the Pennsylvania Optical display in the '497 patent application. The jury found that Trans-World was grossly negligent, see Special Jury Interrogatory 6, and that finding is supported by the record.

Morton Nyman testified that he showed James Cavaluzzi, President of Trans-World, the Pennsylvania Optical display while Cavaluzzi was in Florida in September 1978. (Tr. C-60-61). Cavaluzzi denied ever seeing the display. (Tr. A-139). Similarly, John Dewees, a Trans-World designer who contributed to the development of the design embodied in the '497 patent, denied ever seeing the Pennsylvania Optical display. ²⁰(Tr. B-56). The issue of whether Nyman or Cavaluzzi was truthful in his testimony was purely a question of credibility for the jury. The jury's answer to Interrogatory 6 indicates that the jury believed Nyman. Therefore, on a Motion for Judgment Notwithstanding the Verdict, the Court must accept the jury's findings and presume that Trans-World knew of the existence of the Pennsylvania Optical display when it applied for the '497 patent. See *Rose Hall Ltd. v. Chase Manhattan Overseas Banking Corp.*, Slip Op. at 14-15. Given this fact, it was not unreasonable for the jury to conclude that Trans-World was grossly negligent in failing to include the Pennsylvania Optical display as a prior reference in its patent application. In point of fact, it would have been unreasonable for the jury to have concluded otherwise. Trans-World's Motion for Judgment Notwithstanding the Verdict on the issue of Trans-World's fraud or inequitable conduct in the Patent Office is denied.

B. '099 Patent Infringement Claim

In answers to interrogatories, the jury made the following findings concerning the '099 patent:

10. Do you find that the design of the DES 258,099 patent (chevron display) was novel?

YES X NO _____

11. Do you find that the design of the DES 258,099 patent (chevron display) was obvious?

YES ____ NO X

12. Do you find that Arthur Marx and/or Morton Nyman were co-inventors of the DES 258,099 patent (chevron display)?

YES X NO ____

If the answer is NO, you should not answer Question 13.

13. Do you find that Trans-World deceptively intended not to disclose Arthur Marx's and/or Morton Nyman's co-inventorship of the DES 258,099 patent (chevron display) in its application to the Patent Office?

YES X NO ____

14. Do you find that the DES 258,099 patent (chevron display) is valid and was infringed by the defendants?

YES ____ NO X

The interrogatories indicate that the jury found the '099 patent was patentable under the standards for novelty and obviousness. ²¹The jury found the '099 patent invalid, however, because Trans-World improperly and deceptively failed to name Nyman and/or Marx as co-inventors of the patent. ²²See 1 Chisum, Patents, §2.04[6], 2-30-31 (1983) (discussing patent invalidity based on nonjoinder of co-inventors). The Court will review each of these jury findings seriatim.

The parties do not contest the jury's finding that the design found in the '099 patent is novel. The defendants take exception to the jury's finding that the '099 patent is non-obvious. As previously stated, design patents, like all patents, are presumed to be valid, and the burden of proving invalidity is on the party asserting it. 35 U.S.C. §282. Again, the burden was on Nyman to overcome the presumption of validity by clear and convincing evidence.

[11] Unlike its case with respect to the '497 patent, Nyman did not produce any evidence that Trans-World failed to cite any relevant prior art to the Patent Office pertaining to the '099 patent. Nyman contended that in light of the LeBlanc Patent (DX-49), and the Bressickello Patent (DX-39), the '099 patent was obvious. ²³Both of these patents were cited to the Patent Office in connection with the prosecution of the '099 patent. (PX-7, 8). It is well-established that where the pertinent prior art invoked to invalidate a patent has been considered by the Patent Office, the presumption of validity is strengthened. See, e.g., Aluminum Co. of America v. Amerola Products Corp., 552 F.2d at 1024, 194 USPQ at 4.

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Against this background, the Court finds that the only evidence of obviousness was the testimony of Christopher Kidd, the defendants' expert witness. Kidd testified that the '099 patent design would have been fairly obvious to an industrial arts designer exercising ordinary skill in light of the LeBlanc and Bressickello patents. (Tr. C-146). The jury rejected Kidd's testimony and found the '099 patent to be non-obvious. The Court agrees with the jury's conclusion.

The Court has made an independent review of the file wrapper (PX-7), and the photocopies of the references cited in the file wrapper (PX-8), and finds that the '099 patent is non-obvious in light of these references. The Court finds that the design found in the '099 patent provides a new method of displaying eyeglasses which make it non-obvious. See *Application of Bartlett*, 300 F.2d at 944, 133 USPQ at 206. The Patent Office also came to this conclusion. (PX-7). Kidd's testimony concerning obviousness in light of the LeBlanc and Bressickello patents does not clearly and convincingly overcome the presumption of validity surrounding the '099 patent. Consequently, the Court holds as a matter of law that the '099 patent was non-obvious.

[12] The jury invalidated the '099 patent because it found that Trans-World failed to name Nyman and/or Marx as co-inventors so that Trans-World could falsely claim exclusive rights to the design.²⁴ Although there is little case law in this area, it appears that the deliberate non-joinder of a co-inventor, the purpose of which is to gain a private advantage over the omitted joint inventor, is a proper basis for invalidating a patent. See 1 Chisum, Patents, §2.04, 2-30-31 (1983). The Court finds, however, that there is no evidence to support the jury's conclusion that Nyman and/or Marx were co-inventors of the '099 patent. Consequently, the Court must enter judgment notwithstanding the verdict for the plaintiff on the issue of the validity of the '099 patent for the reasons set forth below.

The undisputed facts concerning the development of the design embodied in the '099 patent are as follows. As previously stated, Trans-World presented a first set of sketches of various design displays to Marx and Nyman in June 1978. Marx and Nyman rejected these proposed designs. (Tr. A-67). As a result of this rejection, Trans-World proceeded to develop new designs in a second series of sketches. (Tr. A-68). Included in this second series of sketches was PX-44 (Tr. A-68). PX-44 essentially embodies the chevron design found in the '099 patent. Robert Franklin, the Trans-World artist who sketched PX-44, testified the drawing was completed in the late spring or early summer of 1978. (Tr. B-97-98). James Cavaluzzi, John Dewees, and Robert Franklin, all of Trans-World, in unrebutted testimony stated that a "tight rendering"²⁵ of the sketch found in PX-44 was done by a New York commercial artist, Peter Crum. (Tr. A-73, B-34, B-98). One of the "tight renderings" is PX-49, which is a detailed drawing of the sketch found in PX-44. An invoice from Crum for this "tight rendering" is dated July 12, 1978. (PX-14). Both Cavaluzzi and Dewees testified that the Crum "tight rendering" was completed before July 12, 1978. (Tr. A-74, B-35).

The Court concludes that based upon the date of the Crum invoice and the unrebutted testimony of Trans-World personnel, that PX-49 existed as of July 12, 1978. Further, giving all reasonable inferences to the defendants, the Court finds that PX-49 embodies the design found in the '099 patent. A fortiori, the chevron design found in the '099 patent was created no later than July 12, 1978.

Nyman's claim of co-inventorship in the '099 patent rested exclusively on the testimony of Morton Nyman. On a Motion for Judgment Notwithstanding the Verdict, the Court must accept the truthfulness and accuracy of Morton Nyman's testimony. Mr. Nyman testified at trial that when Cavaluzzi came to Florida in September 1978, Nyman showed Cavaluzzi DX-89 and 89-A. (Tr. C-63-64). DX-89 and 89-A include a rudimentary sketch of a design that is similar to a chevron design. Mr. Nyman testified that he derived the concept for the design from a display previously used for TIC-TAC candies. (Tr. C-65). Mr. Nyman further testified that before Cavaluzzi's trip to Florida in September 1978, he (Nymman) had never seen a chevron design from Trans-World. (Tr. C-66).

Accepting all of Mr. Nyman's testimony, it is clear that DX-89 and 89-A did not exist until nearly two months after PX-49 was completed. In other words, Nyman's rough sketch, even if it constituted his own original chevron design, was not drawn until after the design embodied in the '099 patent was finished. Nyman's rough sketch drawn in September 1978, could not have contributed to a design completed by July 12, 1978. There

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fore, it is impossible to conclude that Nyman was a co-inventor of the '099 patent.

The conclusion that Nyman did not co-invent the design is further substantiated by Nyman's own testimony. In relevant part, Nyman testified on direct examination with respect to DX-89 and 89-A as follows:

Q. I am going to show you what has been marked for identification as Defendants' Exhibit 89. It is somewhat dog-eared. Are you the author of that exhibit?

A. That's my handwriting.

Q. And in what context did you prepare that exhibit?

A. This was prepared basically at the beginning as a requirement list. As I just mentioned, I said 288 pair. I went to 216. This is really a requirement list of what a display should hold, 48 pair, 96, 144, 216. And basically, it's a series of multiplications of four styles times twelve pair, to come up with 48.

In the end, we adjusted this further. *It's sketches of what a vertical display -- not should look like -- but should hold*. In the case of the one on the left, the vertical panel has 18 pair, and in the one on the right it has 36 pair.

This has nothing to do with the cosmetic effects, the first page. It has to do with count requirements, because of store activity and store size.

(Tr. C-62-63) (emphasis added).

Moreover, on cross-examination, Mr. Nyman further testified with regard to Defendants' Exhibit 89 as follows:

Q. Do you know what a herringbone is? Did you ever have a herringbone suit?

A. Yes.

Q. And you know what a chevron is? Were you in the Army?

A. No. I was in the Air Force.

Q. But you know what a chevron is?

A. Yes.

Q. Would you say that's a chevron or a herringbone (indicating)?

A. That's a sketch from somebody that can't draw a straight line with a ruler.

Q. What you were showing to Mr. Cavaluzzi was not related -- I believe the testimony you gave was *it had nothing to do with cosmetics, but just showing him functionally what you wanted this design to do; is that correct?*

A. *That's correct*, the number of pair I wanted it to hold and the amount of space that I felt we could acquire to get the retailer to agree to give us.

(Tr. C-91) (emphasis added).

Nyman unequivocally testified that the drawing was not an attempt to design a new type of display. His testimony makes it clear that the sketches presented in DX-89 and 89-A were provided solely for functional, not ornamental purposes.

The Court finds that because Nyman's claim to co-inventorship is based upon the sketch found in DX-89 and 89-A, the jury could not reasonably have concluded that Morton Nyman contributed to the design found in the '099 patent. The Nyman sketch was not drawn until at least two months after the chevron design found in the '099 patent was completed. Further, Morton Nyman testified that the sketch found in DX-89 and 89-A was not a design, but was merely intended to demonstrate to Trans-World Nyman's functional requirements for eyeglass displays. As such, the jury's conclusion that Nyman and/or Marx were co-inventors of the '099 patent is not substantiated by the record. Therefore, the jury's conclusion that the '099 patent was invalid because of co-inventorship must be reversed. ²⁶

[13] Given that the '099 patent is valid, Trans-World is entitled to judgment on its '099 patent claim if Nyman infringed the patent. The jury did not make a finding as to infringement. ²⁷ Although generally speaking the issue of infringement is a factual question for the jury, the Court may determine the issue of infringement as a matter of law when it is presented upon undisputed facts. *United States v. Esnault-Pelterie*, 303 U.S. 26, 30, 36 USPQ 212, 213 (1938); *Cameron Iron Works v. Stekoll*, 242 F.2d 17, 21, 112 USPQ 411, 414 (5th Cir. 1957). In this case, the defense witnesses freely indicated that they used the models of the '099 patent produced by Trans-World to get competitive bids on the manufacture of the patented design. Tr. C-99, D-38-40). Morton Nyman and Arthur Marx also indicated that other manufacturers ultimately produced both the horizontal and chevron display. (Tr. C-105-107, D-31-32). The Court finds this testimony to be a clear admission of infringement.

In addition to the testimony of Nyman and Marx, there was the testimony of Christopher Kidd, the defendants' expert witness. On cross-examination, Kidd testified that the

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chevron display that Nyman had produced (PX-80) was "quite similar" to the '099 patent. (Tr. C-182-183). This again represents an admission that the defendants infringed the '099 patent. In addition, the Court itself has examined PX-80 and compared it with the patented design. It is clear to the Court that Nyman quite obviously copied the patented design. Consequently, the Court holds that Nyman infringed the '099 patent as a matter of law.

[14] Having concluded that the '099 patent is valid and was infringed, Trans-World is entitled to judgment notwithstanding the verdict on its claim of patent infringement pertaining to the '099 patent. This, of course, leaves the question of damages to be resolved. There are few reported cases where judgment notwithstanding the verdict is entered on behalf of a plaintiff. It appears, however, that where judgment notwithstanding the verdict is entered on behalf of a plaintiff, a trial must be held on the issue of damages, unless the amount of damages is certain as a matter of law. Cf. *Stewart v. Gilmore*, 323 F.2d 389, 392 (5th Cir. 1963). In this case, the amount of damages to the plaintiff is not certain. Consequently, a new trial must be held on the issue of damages with reference to the '099 patent infringement claim.

III. New Trial Motions

Although the Court has ruled that a new trial must be held on the issue of damages on the '099 patent claim, the Court must also address the parties' requests for a new trial on other issues. The plaintiff has moved for a new trial as an alternative remedy on its request for judgment notwithstanding the verdict on the patent claims. See Fed.R.Civ.P. 50(b) and 59. The defendants also seek a new trial on certain aspects of the patent claims.²⁸ The plaintiff also seeks a new trial with respect to its claims based upon breach of contract and goods sold and delivered.²⁹

Fed.R.Civ.P. 59(a) provides that a new trial may be granted in any jury action for any of the reasons which new trials have been granted in actions at law.³⁰ In this regard, it is well-established that a motion for a new trial may be based on claims that the verdict was against the weight of the evidence or that the trial was not fair to the moving party. *Montgomery Ward & Co. v. Duncan*, 311 U.S. 243, 251 (1940). The parties sole bases for requesting a new trial on the various issues is that the jury's verdict was against the weight of the evidence.³¹

A new trial motion on the ground that the verdict is against the weight of the evidence is to be distinguished from a motion for judgment notwithstanding the verdict which raises the legal sufficiency of the evidence. *Rose Hall Ltd. v. Chase Manhattan Overseas Banking Corp.*, Slip Op. at 15. In cases where judgment notwithstanding the verdict would not be justified, the trial court may set aside the verdict as contrary to the clear weight of evidence and grant a new trial. 6A Moore's, Federal Practice, §59.08[5] (1983). The Court should not set the verdict aside, as against the weight of the evidence, however, solely because it would have reached a different result as the trier of fact. As this Court has recently stated:

Since the credibility of witnesses is peculiarly for the jury, it is an invasion of the jury's province to grant a new trial merely because the evidence was sharply in conflict. The trial judge, exercising a mature judicial discretion, should view the verdict in the overall setting of the trial; consider the character of the evidence and the complexity or simplicity of the legal principles which the jury was bound to apply to the facts, and abstain from interfering with the verdict unless it is quite clear that the jury has reached a seriously erroneous result. The judge's duty is essentially to see that there is no miscarriage of justice. If convinced that there has been, then it is his duty to set the verdict aside; otherwise not.

Rose Hall Ltd. v. Chase Manhattan Overseas Banking Corp., Slip Op. at 15-16 (citations and quotations omitted).

In addition, the modern trend has been for courts to exercise a more limited judicial discretion in determining whether to set aside a verdict against the clear weight of the evidence. *Schreffler v. Board of Education*, 506 F.Supp. 1300, 1306 (D.Del. 1981). New trials granted on this ground have been distinguished from those granted because of claimed errors or defects in the conduct of the trial, such as improperly admitted evidence or

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prejudicial statements by counsel. *Rose Hall Ltd. v. Chase Manhattan Overseas Banking Corp.*, Slip Op. at 16. New trials granted because of the court's finding that the verdict was against the clear weight of evidence usually will be given closer scrutiny on review. *Schreffler v. Board of Education*, 506 F.Supp. at 1306.

A. '497 Patent Claim

The Court has thoroughly examined the jury's verdict pertaining to the '497 patent claim in connection with the plaintiff's Motion for Judgment Notwithstanding the Verdict on this claim. ³²As was previously indicated, the Court concurs in the jury's verdict. The Court finds there has been no "miscarriage of justice" which requires a new trial. *Rose Hall Ltd. v. Chase Manhattan Overseas Banking Corp.*, Slip Op. at 16, quoting *Lind v. Schenly Industries, Inc.*, 278 F.2d 79, 89 (3d Cir.), cert. denied, 364 U.S. 835 (1960). Consequently, all motions for a new trial pertaining to the '497 patent claim are denied.

B. '099 Patent Claim

As with the '497 patent claim, the jury's verdict relating to the '099 patent claim was thoroughly examined on the plaintiff's Motion for Judgment Notwithstanding the Verdict. As was previously indicated, the Court concurs in the jury's verdict with the exception of its finding that Nyman and/or Marx were co-inventors of the '099 patent. All motions for a new trial pertaining to the '099 patent are denied, except for a partial grant of a new trial on the issue of damages for the reasons previously set forth.

Additionally, Trans-World sought a new trial as alternative relief if the Court denied its Motion for Judgment Notwithstanding the Verdict. Although the Court has granted Trans-World judgment notwithstanding the verdict with respect to the '099 patent claim, it must also rule on the new trial motions and determine "whether [they] should be granted if the judgment is thereafter vacated or reversed, and * * * specify the grounds for granting or denying the motion for the new trial." Fed.R.Civ.P. 50(c)(1). The Court conditionally holds that a new trial should be held on the issue of Nyman and/or Marx's co-inventorship if this Court's judgment notwithstanding the verdict on this claim is subsequently reversed or vacated on appeal. See *Rose Hall Ltd. v. Chase Manhattan Overseas Banking Corp.*, Slip Op. at 54 (granting conditional trial on certain issues if judgment notwithstanding the verdict is reversed on appeal). The basis for this conditional grant of a new trial is that the finding of co-inventorship is clearly against the weight of the evidence. ³³See *Montgomery Ward & Co. v. Duncan*, 311 U.S. at 251. Consequently, a new trial must be conditionally ordered on the issue of Nyman's and/or Marx's co-inventorship.

C. Contract Claim

Trans-World also seeks a new trial on its contract claim. Trans-World's theory concerning this claim was set forth clearly in the jury instructions as follows:

Trans-World contends in this action that a contract implied in fact came into existence by virtue of the oral statements, written statements and conduct of the parties, and in light of the prevailing customs and usages in the point-of-purchase advertising trade. Trans-World contends that the totality of facts, circumstances and customs and usages in the trade lead to the conclusion that the following contract implied in fact came into existence between Trans-World and Nyman: in consideration of possibly obtaining future production orders, Trans-World agreed to create new designs for display cases for Nyman's glasses at no initial expense to Nyman and to submit these designs for consideration by Nyman, subject to Trans-World's practices and policies regarding ownership of the designs and the prevailing customs and practices in the trade regarding such ownership. Trans-World also contends that, as part of this contract implied in fact, Nyman agreed to give Trans-World's designs due consideration, to refrain from having Trans-World's design manufactured by a third party, and, if the designs were acceptable, to negotiate with Trans-World in good faith as to production orders for manufacture by Trans-World. ³⁴

In response to written interrogatories, the jury rejected the plaintiff's claim. See Special Jury Interrogatories 16 and 17.

There was no written contract in this case, so the terms of the contract, if any existed, must be implied from the conduct of the parties. It is a fundamental rule of contract law that for a contract to be formed, there must be a meeting of the minds as to the

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terms of the contract. Restatement (Second) Contracts, §17(1) and Comment c and 51-52 (1981). Trans-World contends that Nyman agreed to refrain from having Trans-World's design manufactured by a third party, i.e., that Trans-World had exclusive rights in the design. It is clear from the record that Trans-World at least indirectly informed Nyman of this condition as part of its offer to create new designs for displays for Nyman. ³⁵The critical issue is whether the jury could have reasonably found that Nyman did not accept this term of the offer. See *Devex Corp. v. General Motors Corp.*, C.A. 3058, Slip Op. at 20-22 (D.Del. August 8, 1983).

There is clear evidence in the record that Nyman did not agree to the terms of Trans-World's offer. Arthur Marx testified that Cavaluzzi never informed him of Trans-World's policy of retaining exclusive rights in the designs. (Tr. D-15-16). Marx stated that he would never agree to such conditions on behalf of Nyman because he would not be properly serving his client if he did so. (Tr. D-16-18).

Marx further testified that he only learned of Trans-World's claim to retaining exclusive rights in the designs when he saw labels or stickers on sketches provided by Trans-World which made a statement regarding reservation of rights. (Tr. D-17). Most significantly, Marx testified on direct examination as follows:

Q. Did Mr. Cavaluzzi ever give you an agreement to sign, setting forth his position [concerning reservation of design rights]?

A. It is self-understood that he did not.

Q. Did he ever give you any literature that set forth his position?

A. No. The only time that I saw that he was looking possibly to use that right is when, on the back of some sketches, we saw a small label which said that he reserved some rights. *We removed those stickers and we told Mr. Cavaluzzi that we in no way want to be bound by this kind of involvement.*

Q. *Based on when you told him this, did he refuse to deal with you or did he deal with you?*

A. *Not at all. He didn't refuse to deal with us. He didn't refuse. He didn't say "I refuse to." He continued to deal with me.*

(Tr. D-17) (emphasis added).

This testimony indicates that Nyman did not accept the terms of Trans-World's offer to contract. There was nothing incredible about Marx's testimony. Indeed, it was perfectly consistent with the general lack of understanding between the parties that highlighted this entire affair. The Court finds that the jury reasonably concluded that no contract existed between Nyman and Trans-World. Trans-World's motion for a new trial on this claim is denied.

D. Claim for Goods Sold and Delivered

Lastly, Trans-World seeks a new trial on its claim for goods sold and delivered. Trans-World's legal theory concerning the matter was presented to the jury as follows:

* * * Trans-World claims that, at Nyman's request, it manufactured and delivered to Nyman preproduction models of eyeglass displays. You must resolve this claim irrespective of the resolution of the other issues previously discussed. Trans-World claims that the parties agreed that the price for these models would be \$7,300. Trans-World claims that even if Nyman did not agree on that price, the models had a reasonable value of at least \$7,300. Nyman contends that it owes only \$4,300 for these models. It is undisputed that no part of the amount due for these models has ever been paid by Nyman.

A person who sells goods, such as Trans-World, is entitled to recover either an agreed price or the reasonable value of goods. You must render a verdict against Nyman and in favor of Trans-World in the amount of the agreed price, or the reasonable value of the goods, but not less than \$4,300. ³⁶

The jury returned a verdict for the plaintiff for \$4,300. ³⁷ Again, the plaintiff contends the verdict was against the weight of the evidence.

In a letter dated October 6, 1978, Morton Nyman confirmed that Trans-World was building four models for the design displays at a price of "approximately \$4,000." (Tr. A-19-20; PX-16). These models were prepared, and on December 29, 1978, Trans-World sent Nyman an invoice for \$4,300 to cover the cost. (Tr. A-20). From the evidence submitted at trial, however, it is clear that something was wrong with the models.

James Cavaluzzi, President of Trans-World, testified that the first set of models were broken during shipment. (Tr. A-85). Cavaluzzi further stated that the additional \$3,000 charged to Nyman was based upon Trans-World's cost of replacing the broken models. (Tr. A-85-86). Other witnesses from Trans-World simply stated that there were

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deficiencies in the models. For example, John Dewees testified that "[t]here were certain deficiencies in the first models which we were aware of ourselves * * * *" (Tr. B-43). Similarly, Robert Franklin testified that the first set of models were deficient. (Tr. B-115).

In sum, it appears from the record that something was seriously wrong with the first set of models, for which the defendants admitted they owed \$4,300. Consequently, it was not at all unreasonable for the jury to conclude that Nyman was not liable to pay an additional \$3,000 to replace models that were admittedly broken or deficient. Trans-World's motion for a new trial on this claim is denied.

E. Defense Counsel's Statements to the Jury

Trans-World also argues for a new trial based upon intemperate remarks made by defense counsel in his opening statement and in summation. Trans-World specifically claims that defense counsel's repeated remarks concerning Trans-World's "price gouging" entitles it to a new trial. The applicable law for granting a new trial based on the improper remarks of counsel is as follows:

In the first place, counsel for the [plaintiff] cannot as a rule remain silent, interpose no objections, and after the verdict has been returned seize for the first time on the point that the comments to the jury were improper and prejudicial. Of course appellate courts in the public interest, may, of their own motion, notice errors to which no exception has been taken, if the errors are obvious, or if they otherwise seriously affect the fairness, integrity, or public reputation of the judicial proceedings * * * [E]xceptional circumstances * * * call for an invocation of that rule * * * *

United States v. Socony-Vacuum Oil Co., 310 U.S. 150, 238-39 (1940) (citations and quotation omitted). Briefly restated, a new trial may be granted based upon remarks of opposing counsel not objected to at trial, only if such remarks are "highly prejudicial." See *Brown & Root, Inc. v. Big Rock Corporation*, 383 F.2d 662, 666-67 (5th Cir. 1967).

The Court agrees with the plaintiff that some of defense counsel's statements were improper. Defense counsel's closing statement was at times derogatory. However, during the entire argument, plaintiff interposed no objection, no request was made for intervention by the Court, no suggestion was made that counsel be admonished, no instruction was sought that the jury disregard the remarks, and no motion for a mistrial was made. Plaintiff's counsel, who certainly was not bashful, sat silent during both the opening and closing statement of defense counsel. Presumably, the plaintiff's counsel remained silent because he, like the Court, did not find defense counsel's remarks to be so abrasive as to warrant the Court's interference.

Plaintiff's counsel's failure to object at trial readily allows the Court to deny the plaintiff's Motion for a New Trial based on defense counsel's statements. Those statements, though hardly the paradigm of propriety, were clearly not so prejudicial as to require a new trial when no objection was raised. ³⁸The plaintiff's motion for a new trial on these grounds is denied.

IV. Motion to Amend the Complaint

Trans-World has also filed a Motion to Amend Its Complaint pursuant to Fed.R.Civ.P. 15(b). ³⁹ Trans-World wishes to amend its pleadings "to conform to the evidence" by adding a claim based upon a theory of "quasi-contract." See *Freedman v. Beneficial Corp.*, 406 F.Supp. 917, 923 n.10 (D.Del. 1975). In essence, Trans-World argues that it unjustly enriched Nyman, and that it should be allowed to amend its Complaint to plead this fact. Trans-World's motion is completely improper.

Fed.R.Civ.P. 15(b) is a technical rule which favors substance over form in order "to avoid the tyranny of formalism." *Rosden v. Leuthold*, 274 F.2d 747, 750 (D.C. Cir. 1960). Rule 15(b) attempts to promote the resolution of cases on their merits by permitting the amendment of pleadings to reflect the actual litigation which transpired. See *Moore v. Moore*, 391 A.2d 762, 768 (C.D. 1978). It does not allow an unsuccessful litigant to add a new theory of recovery after trial on an issue not submitted to the jury. See *Wichmann v. United Disposal, Inc.*, 553 F.2d 1104, 1107 n.3 (8th Cir. 1977); *Atlantic Coast LineR.R. Co. v. Darden*, 216 F.2d 125, 128 (5th Cir. 1954). If the issue was not

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submitted to the jury, it is reversible error to allow a post-trial amendment on that issue pursuant to Fed.R.Civ.P. 15(b). See 6 Wright & Miller, *Federal Practice and Procedure*, §1493 at 469-70 (1971).

The plaintiff's "quasi-contract" theory was not included in the jury instructions, nor was it submitted to the jury in any other fashion. In essence, the plaintiff wishes the Court to sift through the record and find that the jury could have returned a verdict on its new theory. ⁴⁰This is not permitted. See *Atlantic Coast LineR.R. Co. v. Darden*, 216 F.2d at 128. The plaintiff's Motion to Amend its Complaint is denied.

V. Award of Pre-Judgment Interest

Lastly, the plaintiff seeks an award of prejudgment interest on the \$4,300 judgment for its claim based upon goods sold and delivered. Pre-judgment interest may be awarded where the damages are liquidated and are capable of ascertainment by mere computation, or where no serious or substantial controversy exists as to the amount due under the contract. See, e.g., *Coleco Industries, Inc. v. Berman*, 423 F.Supp. 275, 323 (E.D. Pa. 1976), *aff'd* in relevant part, 567 F.2d 569 (3d Cir. 1977), cert. denied, 439 U.S. 830 (1978). The defendants admitted they have always owed \$4,300. (Tr. B-186). Because that amount was never paid, the Court will grant an award of pre-judgment interest on the \$4,300 judgment. The rate of interest and the date from which it should run will be fixed at a later time.

An Order will be entered in accordance with this Opinion.

Footnotes

Footnote 1. Trans-World claimed that Nyman owed it \$7,300 for goods sold and delivered. See Jury Instructions at 22. Inasmuch as the defendants conceded that they owed Trans-World \$4,300 (Tr. B-186), the jury was required to award the plaintiff at least that amount. See Jury Instructions at 22. Consequently, even the \$4,300 award was a favorable judgment for the defendants.

Footnote 2. The jury found that Morton Nyman, the owner of Nyman, and/or Arthur Marx, Nyman's advertising representative, were co-inventors of the '099 patent. See Special Jury Interrogatory 12.

Footnote 3. The plaintiff, although awarded \$4,300 on its claim for goods sold and delivered, seeks an additional \$3,000. See footnote 1, *supra*.

Footnote 4. Any issues raised by the defendants in their Motion for Judgment Notwithstanding the Verdict, or in the Alternative, a New Trial not specifically addressed may be assumed to have been resolved against the defendants.

Footnote 5. Photostat copies of these sketches are part of the record. (PX-50-52).

Footnote 6. Photostat copies of this second series of sketches are also part of the record. (PX-43-47).

Footnote 7. Pre-Trial Stipulation, ¶13 (Dkt. Item 87, ¶13 at 7).

Footnote 8. See pp. 31-32, *infra*.

Footnote 9. See pp. 6-7, *supra*.

Footnote 10. Rule 50(b) provides in relevant part:

Whenever a motion for a directed verdict made at the close of all the evidence is denied or for any reason is not granted, the court is deemed to have submitted the action to the jury subject to a later determination of the legal questions raised by the motion. Not later than 10 days after entry of judgment, a party who has moved for a directed verdict may move to have the verdict and any judgment entered thereon set aside and to have judgment entered in accordance with his motion for a directed verdict; or if a verdict was not returned such party, within 10 days after the jury has been discharged, may move for judgment in accordance with his motion for a directed verdict. . .

Footnote 11. The United States Court of Appeals for the Seventh Circuit has adopted yet another position. In *Dual Manufacturing & Engineering, Inc. v. Burris Industries, Inc.*, 619 F.2d 660, 205 USPQ 1157 (7th Cir.) (en banc), cert. denied, 449 U.S. 870, 207 USPQ 1064 (1980), the Court stated that in patent cases with juries, special verdicts normally should be used on the underlying factual issues relating to obviousness. *Id.* at 667, 205 USPQ at 1164. The answers given through the special verdict are then used by the trial judge to determine the ultimate issue of obviousness. *Id.*

Footnote 12. See p. 9, *supra*.

Footnote 13. Clear and convincing evidence is more than a preponderance but less than that necessary to prove something beyond a reasonable doubt. See *American Cyanamid Co. v. Electric Industries, Inc.*, 630 F.2d 1123, 1127 (5th Cir. 1980).

Footnote 14. See Defendants' Memorandum in Opposition to Plaintiff's Post-Trial Motions at 12.

Footnote 15. See *id.* at 18.

Footnote 16. The jury also found that the '497 patent was not novel. See Special Jury Interrogatory 1. The standard of novelty is whether the design appears to the ordinary observer to differ from the prior art and not to be a mere modification thereof. *Rains v. Cascade Industries, Inc.*, 402 F.2d 241, 247, 159 USPQ 322, 327 (3d Cir. 1968). In its post-trial briefs, the defendants have not attempted to support the jury's finding that the '497 patent was not novel. Without deciding this point, the court will assume that the jury's finding was incorrect concerning novelty. As will become apparent, this will not affect the Court's disposition of this matter.

Footnote 17. The other non-cited references that Nyman contends are prior art are the following: (1) DES 262,759 (Caldwell/Hagen Eyeglass Frame Display Rack) (DX-55); (2) Patent No. 1,625,754 (Tobita Watch-Crystal Tray) (DX-56); and (3) Patent No. 4,212,390 (Raczkowski/Speelman Wound Clip Rack) (DX-60).

Footnote 18. Designs publicly used at least one year prior to the application for the '497 patent are considered prior art. 35 U.S.C. §102(a). The '497 patent application was filed on March 12, 1979.

Footnote 19. Cases from the United States Court of Customs and Patent Appeals are binding on the new Court of Appeals for the Federal Circuit, the court which has appellate jurisdiction over this case. *South Corp. v. United States*, 690 F.2d 1368, 1369, 215 USPQ 657 (Fed.Cir. 1982).

Footnote 20. Cavaluzzi and Dewees admitted to seeing displays in various stores, but denied that those displays were the Pennsylvania Optical display evidenced in DX-63-65. (Tr. A-138, B-38, B-56).

Footnote 21. Special Jury Interrogatories 10, 11.

Footnote 22. Special Jury Interrogatories 12, 13.

Footnote 23. Memorandum in Support of Defendants' Motion for Judgment Notwithstanding the Verdict, etc. at 6.

Footnote 24. See Special Jury Interrogatories 12, 13.

Footnote 25. A "tight rendering" is simply a more detailed drawing.

Footnote 26. As a result of this conclusion with respect to interrogatory 12, the jury's finding in Interrogatory 13 that Trans-World deceptively failed to disclose Nyman's co-inventorship is irrelevant.

Footnote 27. Interrogatory 14 asked whether the '099 patent was valid and infringed. Because the jury found the patent invalid, they properly answered Interrogatory 14 in the negative. Consequently, it is unknown whether the jury would have found the patent infringed and they concluded that the '099 patent was valid.

Footnote 28. Again, the propriety of the defendants' motion is doubtful because the defendants do not challenge the judgment.

Footnote 29. See footnote 3 and accompanying text, *supra*.

Footnote 30. Fed.R.Civ.P. 59 provides in relevant part:

(a) GROUND. A new trial may be granted to all or any of the parties and on all or part of the issues (1) in an action in which there has been a trial by jury, for any of the reasons for which new trials have heretofore been granted in actions at law in the courts of the United States* * * *

Footnote 31. The plaintiff also contends that the intemperate closing argument of defense counsel requires the grant of a new trial. This argument will be addressed separately, *infra*.

Footnote 32. See pp. 13-23, *supra*.

Footnote 33. See pp. 26-31, supra.

Footnote 34. Jury Instructions at 19-20.

Footnote 35. See Pre-trial Stipulation (Dkt. Item 87, ¶13 at 7).

Footnote 36. Jury Instructions at 22.

Footnote 37. Special Jury Interrogatory 18.

Footnote 38. For example, in *United States v. Socony-Vacuum Oil Co.*, the remarks first objected to after trial were much more improper than those made by counsel in this case. See 310 U.S. at 237-38. Nevertheless, the Court refused to grant a new trial in that case. *Id.* at 239.

Footnote 39. Rule 15(b) provides in relevant part:

When issues not raised by the pleadings are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings. Such amendment of the pleadings as may be necessary to cause them to conform to the evidence and to raise these issues may be made upon motion of any party at any time, even after judgment;. . . .

Footnote 40. See Plaintiff's Memorandum in Support of Its Post-Trial Motions at 40-47.

- End of Case -

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